

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
150 S. Independence Mall West  
Suite 216, The Public Ledger Building  
Philadelphia, Pennsylvania 19106-3499



**Region III/Division of Medicaid and Children's Health Operations**

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SWIFT # 112820174042

**February 8, 2018**

Cynthia Beane, MSW, LCSW  
Commissioner  
Bureau for Medical Services  
350 Capitol Street, Room 251  
Charleston, West Virginia 25301-3706

Dear Commissioner Beane:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of West Virginia's State Plan Amendment (SPA) 17-004, Neonatal Abstinence Syndrome Treatment Services. We are pleased to inform you that this SPA is approved with an effective date of October 1, 2017.

Enclosed is a copy of the CMS Summary Page (CMS-179 form) and the approved State Plan pages.

We appreciate the cooperation and effort provided by your staff throughout this process. If you have further questions about this SPA, please contact Dan Belnap of my staff at 215-861-4273.

Sincerely,

Francis T. McCullough  
Associate Regional Administrator

Enclosures

cc: Tony Atkins, Bureau for Medical Services  
Ryan Sims, Bureau for Medical Services

<p align="center"><b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b></p> <p align="center"><b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b></p>		1. TRANSMITTAL NUMBER: 1 7 - 0 0 4	2. STATE: West Virginia
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2017	
5. TYPE OF PLAN MATERIAL (Check One)			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 U.S.C. 1396a(43); 42 U.S.C. 1396d(r)		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2018 \$ 687,000	
		b. 2019 \$ 687,000	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, pages 3aaa.1, 3aaa.2 and 3aaa.3 (db edit) (new pages)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable).	
10. SUBJECT OF AMENDMENT: Neonatal abstinence syndrome treatment services			
11. GOVERNOR'S REVIEW (Check One):			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED:			
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: /s/ Cynthia Beane		16. RETURN TO: Bureau for Medical Services 350 Capitol Street Room 251 Charleston West Virginia 25301	
13. TYPED NAME: Cynthia Beane			
14. TITLE: Commissioner			
15. DATE SUBMITTED: 22-Nov-17			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED November 22, 2017		18. DATE APPROVED February 8, 2018	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: October 1, 2017		20. SIGNATURE OF REGIONAL OFFICIAL: <i>Francis T. McCullough</i>	
21. TYPED NAME: Francis McCullough		22. TITLE Associate Regional Administrator	
23. REMARKS:  Pen and ink change to box #8 to add missing page number 3aaa.3 (db)			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

Attachment 4.19-B  
Page 3aaa.1

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1. NEONATAL ABSTINENCE SYNDROME SERVICES

- a. Neonatal abstinence syndrome (NAS) services are covered pursuant to the rate methodology set forth in 2. through 4. below.
- b. NAS services and providers are defined as follows:
- Nursing services by a registered nurse pursuant to Attachment 3.1-B, page 1 of this State Plan
  - Supportive counseling, evaluation and assessment and service planning by qualified, state licensed counselor or social worker pursuant to Supplement 2 to Attachment 3.1-A and 3.1-B, page 5 of this State Plan.
  - Targeted case management services by state licensed and/or educated professionals, all as defined in Attachment A, D and E of Supplement 1 to Attachment 3.1-A, pages 6 through 6e;
- c. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of NAS services. The agency's fee schedule rate for such services was set as of October 1, 2017, and is effective for services provided on or after that date. The schedule is updated annually. All rates are published on the agency's website at [www.dhhr.wv.gov/bms](http://www.dhhr.wv.gov/bms).

2. RATE METHODOLOGY

Reimbursement for NAS services is an all-inclusive bundled cost per diem rate based on a prospective payment methodology for the daily treatment of Medicaid members.

3. RATE COVERED SERVICES FOR NAS SERVICES BUNDLED RATE

- a. The NAS services all-inclusive bundled per diem rate will reimburse all approved services incurred in treating newborns with a diagnosis of Neonatal Abstinence Syndrome. The prospective bundled per diem NAS services rate covers all medically necessary costs, both direct and indirect, including the following:

Direct

- Nursing services salaries
- Targeted Case Management salaries
- Evaluation and Assessment salaries
- Service Planning salaries
- Supportive Counselling salaries
- All non-physician EPSDT service salaries

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TN No:	17-004	Approval Date:	February 8, 2018	Effective Date:	10/01/2017
Supersedes:	New				

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

Attachment 4.19-B  
Page 3aaa.2

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Indirect

- Medical Director salaries
- Nursing Director salaries
- Pharmacy administration
- Non-clinical administration
- Treatment supplies

The NAS services all-inclusive bundled per diem rate does not include:

- Room and Board costs
  - Physician Treatment services
- b. The medically necessary allowable costs of Medicaid residents will be allocated to determine the per diem rate based on resident days.

4. RATE DETERMINATION

a. Interim Initial Rate

Each NAS services provider (meeting licensure and enrollment requirements) must file a projected fiscal year cost report to establish an interim initial projected bundled per diem rate. The cost report must contain the NAS services provider's reasonable costs anticipated to be incurred in the initial fiscal year. Reasonable Costs are determined using NAS services providers submitted allowable services included in the bundled rate. Reasonable costs, as used in rate setting, is defined as those costs that are allowable under Medicaid cost principles, as required in 45 CFR 92.22(b) and the applicable OMB circular. Reasonable costs do not include non-allowable costs. The NAS services provider's will be required to provide independent accounting validation for WV Medicaid's questions pertaining to projected reasonable costs.

b. Established Initial First Year Per Diem Rate

After twelve months of continuous service, the NAS services provider must submit a cost report reflecting actual costs for the twelve months of operations. The rate established from the actual cost report data shall take the place of the projected interim initial rate. WV Medicaid will reconcile payments back to the beginning of the interim rate period applying the actual rate calculated from the full year of actual CMS approved cost report activity to determine reasonableness and may adjust the rate if necessary.

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Attachment 4.19-B  
Page 3aaa.3

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The NAS services provider will be required to provide independent accounting validation for WV Medicaid's questions pertaining to actual reasonable costs. The NAS services provider all-inclusive bundled per diem rate may also be benchmarked to comparative providers and services to demonstrate economy and efficiency before initial rate is approved. WV Bureau for Medical Services reserves the right to challenge costs deemed as unreasonable based upon comparative analysis. Provider is permitted to appeal disallowed costs, but solely if they claim costs expressly permitted in the approved cost report were disallowed.

c. Prospective Payment Rate – Subsequent Years

The first year established Initial rate will be the Prospective Payment Rate used in calculating future annual rate changes. Future Prospective Payment rate modifications would serve as the base amount for calculating subsequent years' changes.

d. Annual Rate Reviews

At the Bureau's discretion, NAS services provider may receive an annual rate adjustment based on the Medicare Economic Index. The Annual Rate Reviews will only apply to NAS service providers who have an Established Initial Rate. The annual rate adjustments, if implemented, will be effective January 1<sup>st</sup>. The agency's fee schedule rate for such services was set as of October 1, 2017, and is effective for services provided on or after that date. The schedule is updated annually. All rates are published on the agency's website at [www.dhhr.wv.gov/bms](http://www.dhhr.wv.gov/bms).

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